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ILLINOIS STATE TREASURER

## GUIDELINES FOR BROKERS/DEALERS: Doing Business with the Treasurer's Office

The Illinois State Treasurer's Office manages an **investment portfolio totaling \$25-27 billion** (as of 3/1/15). As such, the Treasurer's Office seeks to work with qualified brokers/dealers that can execute trades and facilitate transactions that provide the highest return using authorized instruments.

This document outlines how brokers/dealers can pursue business with the Treasurer's Office, providing an overview of the step-by-step process.

### **STEP 1: Becoming an Approved Broker/Dealer**

- Firms must first become an Approved Broker/Dealer. Find the list of Approved Brokers/Dealers at [www.illinoistreasurer.gov/finances/ApprovedBrokerList.aspx](http://www.illinoistreasurer.gov/finances/ApprovedBrokerList.aspx).
- Firms are selected according to their (1) creditworthiness and (2) their financial significance in the state, which is measured in terms of the location of the firm's corporate office, the number of full-time employees, the size of its payroll, or the extent that the firm has an economic presence in the state.
- This includes "primary" dealers and regional dealers who qualify under SEC Rule 17 CFR § 15Cc3-1 (Net Capital Requirements for Brokers or Dealers).
- Note that the firm's employee executing trades needs to be registered in the State of Illinois.
- Note that the Treasurer's Office seeks to accord preference to qualified brokers/dealers that can demonstrate or attest that (1) greater than 50% of the ownership interest of the firm is held by minority, female, veteran, and/or disabled persons, OR (2) greater than 75% of the firm's senior managers are minority, female, veteran, and/or disabled persons.<sup>1</sup>

### **STEP 2: Review Investment Policies**

- It is the firm's responsibility to independently review the Investment Policies of the Treasurer's Office:
  - [State Portfolio Investment Policy](#)
  - [The Illinois Funds Investment Policy](#)

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<sup>1</sup> For purposes of this process, definitions of "minority," "female," "veteran," and "disabled person" are located in the Business Enterprise for Minorities, Females and Persons with Disabilities Act ([30 ILCS 575](#)) and Sections 45-57 ("Veterans") of the Illinois Procurement Code ([30 ILCS 500/45-57](#)).

### **STEP 3: Submit a Broker/Dealer Questionnaire**

- Obtain and submit a [Broker/Dealer Questionnaire](#). The Broker/Dealer Questionnaire seeks basic information on the firm, including information on key personnel, financial presence in Illinois, ownership interests, and a diversity profile. This helps the Treasurer's Office quickly and efficiently assess opportunities for partnership.
- Submit the completed questionnaire to Brenton Siemons at [BSiemon@illinoistreasurer.gov](mailto:BSiemon@illinoistreasurer.gov).

### **STEP 4: Contact from the Treasurer's Office / Required Documentation**

- The Treasurer's Office will review the questionnaire, and should a business opportunity be identified, a specialist will follow up with further instructions. The specialist will ask for assistance obtaining the following documents, which are required:
  1. Audited financial statements or a published Statement of Condition;
  2. Proof of State of Illinois registration;
  3. Proof of registration with the Securities and Exchange Commission;
  4. Certification of notice and knowledge of the Treasurer's Investment Policies; and
  5. Proof of minority, woman, veteran, and/or disabled-owned status (if applicable), specifically a current State of Illinois certification or a signed Attestation Form.
- Note that firms may be required to furnish additional information as necessary, including:
  - Information regarding insurance coverage for customers in case of default or failure (e.g., SIPC, self-insurance, surety bonds, errors and omissions).
  - A statement representing compliance with SEC's net capital adequacy guidelines, including history of compliance, SEC requirement and current level.

### **STEP 5: Financial Review by the Treasurer's Office**

- All information may be subject to independent verification by the Treasurer's Office. The Treasurer's Office reserves the right to request additional information from the firm prior to acceptance as a counterparty qualified to do business with the Office. The internal due diligence process typically takes up to six to eight weeks (but may be longer in certain cases).

### **STEP 6: Final Notification and Treasurer's Trading Authorization**

- Upon passing the internal review process, the firm will be notified and provided a copy of the Treasurer's Trading Authorization form. The Trading Authorization form must be signed and filed with both parties before the firm can attempt to execute a trade.

### **STEP 7: Added to List of Approved Brokers/Dealers**

- The firm will then be added to the [list of Approved Brokers/Dealers](#). Periodic reviews are performed on all brokers/dealers that are included on the Approved List. Changes made to the trading status of a broker/dealer will be reflected on the Illinois State Treasurer's website. It is the responsibility of the broker/dealer to periodically check the website to ensure that the entity is still considered an approved counterparty before attempting to execute a trade.